

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1221 - SB 1300**

March 30, 2009

**SUMMARY OF BILL:** Prohibits the Tennessee Higher Education Commission (THEC) from increasing fees for the regulation of proprietary institutions beyond the rate of inflation; requires THEC to study annually the fees assessed for similar regulatory activities in contiguous states and report annually its budget and fee structure related to the regulation of proprietary schools to the General Assembly.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$686,800/FY09-10  
\$814,300/FY10-11**

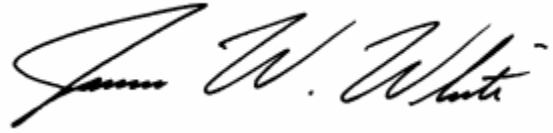
Assumptions:

- The budget (\$1,586,813) for FY09-10 and FY10-11 will remain the same.
- In FY09-10 the deficit is estimated to be \$686,813 after deducting expected fee revenues of \$750,000 and a reserve balance of \$150,000.
- In FY10-11 the deficit is estimated to be \$814,313 after deducting expected fee revenues of \$772,500.
- The rate of inflation is estimated to be three percent.
- According to THEC enactment of the bill will void the on-going THEC rulemaking which will result in current fees remaining in place until a rulemaking proceeding can be completed.
- The first fee increase permitted by the provisions of the bill would not become effective until after October 2009. THEC realizes approximately 80 percent of the total fees paid by institutions during the reauthorization period in October of each year.

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**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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